

PUBLIC DEBT AND STATE RESERVE FUND

Public Debt

State Reserve Fund

PUBLIC DEBT

X00A00.05 RELATED EXPENSES ON STATE BONDS

Program Description:

General funds are budgeted in this program for penalty and rebate associated with the State's general obligation bonds. Special funds are budgeted to reflect the purchase of State and Local Government Securities, the maturity of which will provide funds for debt service payments on refunded bonds.

	2002 Actual	2003 Actual	2004 Estimated	2005 Estimated
Performance Measures/Performance Indicators				
Penalty and arbitrage (\$)	360,000	2,183,610		
Purchase of SLGS for refunded bonds (\$)	117,215,608	410,878,163		
Total (\$)	117,575,608	413,061,773		

Appropriation Statement:

	2003 Actual	2004 Appropriation	2005 Allowance
13 Fixed Charges	413,061,773		
Total Operating Expenses	413,061,773		
Total Expenditure	413,061,773		
Total General Fund Appropriation	3,520,000		
Less: General Fund Reversion/Reduction	1,336,390		
Net General Fund Expenditure	2,183,610		
Special Fund Expenditure	410,878,163		
Total Expenditure	413,061,773		

Special Fund Income:

X00305 Proceeds from Refunding Bonds	410,878,163
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STATE RESERVE FUND

OBJECTIVES

Article III, Section 32 of the Maryland Constitution authorizes the General Assembly to place a contingent fund at the disposal of the Executive. A State Reserve Fund is authorized in Sections 7-309 through 7-311, 7-314 and 7-324 of the State Finance and Procurement Article and is comprised of the following: (1) Revenue Stabilization Account, (2) Dedicated Purpose Account, (3) Economic Development Opportunities Program Account, (4) Catastrophic Event Account, and (5) The Joseph Fund Account. The objectives of the Fund are to designate, provide for and appropriate certain reserve funds for future use when the magnitude and timing of fiscal requirements are uncertain and retain in escrow State revenues for future requirements to reduce the need for future tax increases.

SUMMARY OF STATE RESERVE FUND

	2003 Actual	2004 Appropriation	2005 Allowance
Operating Expenses	181,028,777		139,652,618
Net General Fund Expenditure.....	181,028,777		139,652,618

	2002 Actual	2003 Actual	2004 Estimated	2005 Estimated
Performance Measures/Performance Indicators				
Balance as of June 30 (in millions of \$)				
Revenue Stabilization Account	547.9	490.2	496.7	528.8
Dedicated Purpose Account	100.8	11.4		
Economic Development Opportunities Account	21.1	3.5		
Catastrophic Event Account.....	.2	.2	3.0	3.0
The Joseph Fund Account.....	8.1	8.2		
Total Reserve Fund*	678.1	513.6	499.7	531.8

* Totals may not add due to rounding

Y01A01.01 REVENUE STABILIZATION ACCOUNT

Program Description:

Section 7-311 of the State Finance and Procurement Article establishes the Revenue Stabilization Account to retain revenues for future needs and reduce the need for future tax increases by moderating revenue growth. Appropriations are required in years when the account balance is less than 5 percent of the estimated general fund revenues or when the unappropriated general fund surplus of the second preceding fiscal year exceeds \$10,000,000. The transfer of funds from the Account must be authorized by (1) an act of the General Assembly or (2) a specific provision of the State budget bill as enacted. The use of a budget amendment for fund transfer is prohibited.

Appropriation Statement:

	2003 Actual	2004 Appropriation	2005 Allowance
12 Grants, Subsidies and Contributions.....	181,028,777		112,652,618
Total Operating Expenses.....	181,028,777		112,652,618
Total Expenditure	181,028,777		112,652,618
Net General Fund Expenditure.....	181,028,777		112,652,618

STATE RESERVE FUND

Y01A02.01 DEDICATED PURPOSE ACCOUNT

Program Description:

Section 7-310 of the State Finance and Procurement Article establishes the Dedicated Purpose Account to (1) retain appropriations for major, multi-year expenditures where the magnitude and timing of cash needs are uncertain and (2) meet expenditure requirements. Certain restrictions apply on the use of funds and the manner in which funds may be transferred from the Account. The fiscal year 2005 allowance restores a portion of the funds transferred from the Transportation Trust Fund to the General Fund in fiscal years 2003 and 2004.

Appropriation Statement:

	2003 Actual	2004 Appropriation	2005 Allowance
12 Grants, Subsidies and Contributions.....			25,000,000
Total Operating Expenses.....			<u>25,000,000</u>
Total Expenditure			<u>25,000,000</u>
Net General Fund Expenditure.....			<u><u>25,000,000</u></u>

Y01A03.01 ECONOMIC DEVELOPMENT OPPORTUNITIES PROGRAM ACCOUNT

Program Description:

Section 7-314 of the State Finance and Procurement Article establishes the Economic Development Opportunities Account to establish a loan or grant program to: (1) assist in the retention or expansion of existing private or public sector entities, (2) assist in the establishment or attraction of private and public entities new to the State, (3) provide assistance where existing government programs lack sufficient resources or are constrained by timing or program design from being utilized, and (4) promote economic development in the State. Certain restrictions on the use of the Account are mandated. The resources of the Account may be transferred by approved budget amendment after approval by the Legislative Policy Committee.

Appropriation Statement:

	2003 Actual	2004 Appropriation	2005 Allowance
12 Grants, Subsidies and Contributions.....			2,000,000
Total Operating Expenses.....			<u>2,000,000</u>
Total Expenditure			<u>2,000,000</u>
Net General Fund Expenditure.....			<u><u>2,000,000</u></u>